



M E K E T A I N V E S T M E N T G R O U P

B O S T O N

S A N D I E G O

March 23, 2011

Dr. Louis Moret
Chair, Investment Policy Subcommittee
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

**RE: ADOPTION OF REAL ASSETS POLICY AND REVISION OF REAL ESTATE
POLICY**

Dear Dr. Moret:

As Infrastructure Consultant to the Board, Meketa Investment Group was asked to provide an opinion on the proposed changes to the Infrastructure Policy as part of the new Real Assets policy under review.

Meketa Investment Group recommends the adoption of the revised Infrastructure Policy.

The Infrastructure Policy was transferred from the ILAC Policy, with largely administrative changes only, with substantive additions and changes limited to the new Real Assets parent policy and to the Real Estate policy. It is our understanding that more substantive changes to the Infrastructure Policy will be proposed to the Policy Subcommittee for consideration at a later date. Meketa Investment Group will review and provide an opinion on the proposed changes at that time.

In addition, the proposed new Real Asset Policy has been updated to reflect the revised roles of consultants and new benchmark, both of which are scheduled to be presented to the Policy Subcommittee in April under separate agenda items. Therefore, we will provide comments on these proposed changes under separate cover.

Please do not hesitate to contact us with any additional questions or comments.

Sincerely,

David Altshuler
Senior Vice President

Stephen P. McCourt
Managing Principal

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